

AMENDED IN ASSEMBLY MAY 18, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2455**

**Introduced by Assembly Member Thompson**

February 24, 2000

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~~An act to add Sections 17053.90 and 23690 to the Revenue~~  
*An act to add and repeal Sections 17053.90 and 23690 of the*  
*Revenue and Taxation Code, relating to taxation, to take*  
effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2455, as amended, Thompson. Income and bank and corporation taxes: credit: crop losses.

The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by that law.

This bill would allow, *for taxable or income years beginning January 1, 2001, and ending January 1, 2006*, a credit in an amount equal to 20% of the market price of any unharvested fruit grown by a commercial fruit grower that was lost as a direct result of the *Bloomington or Fallbrook Mexican Fruit Fly Quarantine*.

This bill would declare the Legislature's intent and make legislative findings and declaration in connection therewith. *This bill would require the Franchise Tax Board to report to the Legislature regarding this credit.*

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) It is the intent of the Legislature in  
2 enacting this act to, among other things, prevent farm  
3 business insolvencies and loss of employment in the ~~area~~  
4 *areas of Bloomington and Fallbrook*, identified as the  
5 Mexican Fruit Fly Quarantine Area, as declared on  
6 October 30, 1999.

7 (b) This act shall be known and may be cited as the  
8 *Bloomington and Fallbrook Mexican Fruit Fly*  
9 *Quarantine Relief Fund Act of 2000*.

10 (c) The Legislature finds and declares all of the  
11 following:

12 (1) The Mexican fruit fly is a serious agricultural pest  
13 in Mexico and parts of Central America, where it readily  
14 attacks a wide variety of fruits. If it were established in  
15 California it would threaten approximately 50  
16 commercially grown crops. About 25 percent of San  
17 Diego County's one billion dollar (\$1,000,000,000)  
18 agricultural industry could be affected by an infestation  
19 of this pest.

20 (2) The imposition of the quarantine by federal, state,  
21 and county agricultural officials was a reasonable  
22 response in order to protect the agricultural industry in  
23 the State of California.

24 (3) The imposition of *the Bloomington and Fallbrook*  
25 *Mexican Fruit Fly Quarantine* has created a hardship on  
26 producers of host material within the quarantine area.

27 (4) Accepted treatment protocols must be exercised  
28 by producers of host material within the quarantine area  
29 in order to receive authorization to move harvested fruit  
30 from farms to the marketplace.

31 (5) Treatment protocols are not available for several  
32 fruit varieties produced within the quarantine zone, and  
33 in some cases available treatment protocols require a  
34 treatment time period that exceeds the harvest period of  
35 crops, thus causing producers to abandon their crops.

1 Abandonment of these crops is solely for the protection  
2 of the agricultural industry in the State of California.

3 SEC. 2. Section 17053.90 is added to the Revenue and  
4 Taxation Code, to read:

5 17053.90. (a) ~~There~~ *For each taxable year beginning*  
6 *on or after January 1, 2001, and before January 1, 2006,*  
7 *there shall be allowed as a credit against the "net tax," as*  
8 *defined by Section 17039, to a qualified taxpayer an*  
9 *amount equal to 20 percent of the market price of any*  
10 *unharvested fruit grown by a ~~commercial fruit grower~~*  
11 *qualified taxpayer that was lost as a direct result of the*  
12 *Bloomington and Fallbrook Mexican Fruit Fly*  
13 *Quarantine and that was not compensated for by*  
14 *insurance or otherwise.* The credit shall be allowed for the  
15 first taxable year of the taxpayer that commences on or  
16 after January 1, 2000.

17 (b) For purposes of this section:

18 (1) "Market price" means the market price that would  
19 have been paid for the unharvested fruit at the estimated  
20 harvest time for that fruit.

21 (2) "*Qualified taxpayer*" means a commercial fruit  
22 grower.

23 (c) The Agricultural Commissioner, in consultation  
24 with the University of California Cooperative Extension  
25 Service, ~~shall determine the estimated harvest time and~~  
26 ~~crop yield for each commercial fruit grower that claims~~  
27 ~~a credit under this section.~~

28 ~~(e) Service, shall do all of the following:~~

29 (1) *Certify the estimated harvest time and crop yield*  
30 *for each qualified taxpayer that claims a credit under this*  
31 *section.*

32 (2) *Certify the market price that would have been*  
33 *paid to the qualified taxpayer for the unharvested fruit for*  
34 *which the qualified taxpayer claims a credit pursuant to*  
35 *this section.*

36 (3) *Certify that the unharvested fruit for which the*  
37 *qualified taxpayer claims a credit pursuant to this section*  
38 *was lost as a direct result of the Bloomington and*  
39 *Fallbrook Mexican Fruit Fly Quarantine.*

40 (4) *Certify when the unharvested fruit was lost.*

1 (5) *Certify that the taxpayer that claims the credit is*  
2 *a qualified taxpayer pursuant to paragraph (2) of*  
3 *subdivision (b).*

4 (6) *Provide the qualified taxpayer a written*  
5 *certification showing each of the items certified in*  
6 *paragraphs (1) to (5), inclusive.*

7 (d) *The taxpayer shall do both of the following:*

8 (1) *Obtain from the Agricultural Commissioner a*  
9 *written certification pursuant to subdivision (c).*

10 (2) *Retain a copy of the certification and make it*  
11 *available to the Franchise Tax Board upon request.*

12 (e) *In the case where the credit allowed by this section*  
13 *exceeds the “net tax,” the excess may be carried over to*  
14 ~~*reduce the “net tax” in the following year, and*~~  
15 ~~*succeeding years if necessary, until the credit has been*~~  
16 ~~*exhausted.*~~ *reduce the “net tax” for the next eight taxable*  
17 *years, or until the credit has been exhausted, whichever*  
18 *occurs first.*

19 (f) *This section shall remain in effect only until*  
20 *December 1, 2006, and as of that date is repealed.*

21 SEC. 3. *Section 23690 is added to the Revenue and*  
22 *Taxation Code, to read:*

23 23690. (a) ~~*There*~~ *For each income year beginning on*  
24 *or after January 1, 2001, and before January 1, 2006, there*  
25 *shall be allowed as a credit against the “tax,” as defined*  
26 *by Section 23036, to a qualified taxpayer an amount equal*  
27 *to 20 percent of the market price of any unharvested fruit*  
28 ~~*grown by a commercial fruit grower*~~ *qualified taxpayer*  
29 *that was lost as a direct result of the Bloomington and*  
30 *Fallbrook Mexican Fruit Fly Quarantine and that was not*  
31 *compensated for by insurance or otherwise. The credit*  
32 *shall be allowed for the first income year of the taxpayer*  
33 *that commences on or after January 1, 2000.*

34 (b) *For purposes of this section:*

35 (1) *“Market price” means the market price that would*  
36 *have been paid for the unharvested fruit at the estimated*  
37 *harvest time for that fruit.*

38 (2) *“Qualified taxpayer” means a commercial fruit*  
39 *grower.*

(c) The Agricultural Commissioner, in consultation with the University of California Cooperative Extension Service, ~~shall determine the estimated harvest time and crop yield for each commercial fruit grower that claims a credit under this section.~~

~~(e) Service, shall do all of the following:~~

*(1) Certify the estimated harvest time and crop yield for each qualified taxpayer that claims a credit under this section.*

*(2) Certify the market price that would have been paid to the qualified taxpayer for the unharvested fruit for which the qualified taxpayer claims a credit pursuant to this section.*

*(3) Certify that the unharvested fruit for which the qualified taxpayer claims a credit pursuant to this section was lost as a direct result of the Bloomington and Fallbrook Mexican Fruit Fly Quarantine.*

*(4) Certify when the unharvested fruit was lost.*

*(5) Certify that the taxpayer that claims the credit is a qualified taxpayer pursuant to paragraph (2) of subdivision (b).*

*(6) Provide the qualified taxpayer a written certification showing each of the items certified in paragraphs (1) to (5), inclusive.*

*(d) The taxpayer shall do both of the following:*

*(1) Obtain from the Agricultural Commissioner a written certification pursuant to subdivision (c).*

*(2) Retain a copy of the certification and make it available to the Franchise Tax Board upon request.*

*(e) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following year, and succeeding years if necessary, until the credit has been exhausted.*

~~SEC. 4.~~ *reduce the "tax" for the next eight income years, or until the credit has been exhausted, whichever occurs first.*

*(f) This section shall remain in effect only until December 1, 2006, and as of that date is repealed.*

~~SEC. 4.~~ *By December 1, 2004, the Franchise Tax Board shall report to the Legislature on the number and*

1 *amount of credits claimed under Sections 17053.90 and*  
2 *23690 of the Revenue and Taxation Code.*  
3 *SEC. 5.* This act provides for a tax levy within the  
4 meaning of Article IV of the Constitution and shall go into  
5 immediate effect.

